

## **WARNING**

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Family Name					
Given Name/s					
Student Number					
Teaching Period	Semester 1, 2019				

<b>ACT301 – Accounting Theory and Contemporary Issues</b>	<b>DURATION</b>	
	Reading Time:	10 minutes
	Writing Time:	180 minutes
<b>INSTRUCTIONS TO CANDIDATES</b>		
<p>The exam has two sections:</p> <p>Section A must be answered on the Multiple-Choice Answer sheet provided in this examination paper and must be handed in with your answer booklet. Please ensure that your name and student number are clearly indicated on your Answer Sheet and at the top of this examination paper.</p> <p>Section B is to be answered in the answer booklet provided.</p>		
<b>EXAM CONDITIONS</b>		
<p><u>You may begin writing from the commencement of the examination session.</u> The reading time indicated above is provided as a guide only.</p>		
This is a RESTRICTED OPEN BOOK examination		
Any non-programmable calculator is permitted		
No handwritten notes are permitted		
Hard copy, unannotated English translation dictionary only		
<b>ADDITIONAL AUTHORISED MATERIALS</b>	<b>EXAMINATION MATERIALS TO BE SUPPLIED</b>	
No additional printed material is permitted	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet 1 x Scrap Paper	

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DOUBLE-SIDED.

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## **Section A**

### **Multiple Choice Questions**

**Total No of Marks for this section: 40 Marks**

This section should be answered on the Answer Sheet provided. Please ensure that your name and student number have been written on the Answer sheet and placed in the completed Answer Booklet.

There are **40** multiple choice questions. Each question carries one (1) mark. Suggested time allocation for Section A: 80 mins

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## Section B

### Short Answer Questions

**Total No of Marks for this section: 60 Marks**

This section should be answered in the Answer Booklet provided.

Each question carries fifteen (15) marks. Suggested Time allocation for Section B: 100 mins

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**Q. 1**

**Banks to slash extra 1000 jobs (Herald Sun, 22 August 2002 page 5)**

*On 21 August 2002, the Commonwealth Bank announced that it would slash 1550 jobs while creating 550, a net loss of 1000. It planned to reduce inefficient operations, task duplication and some back-office processing functions, but stated that it would not close more branches even where closures had been planned. The news received hostile reactions from both unions and consumer advocates like Australian Consumers' Association (ACA).*

*Union officials said that the job cuts were scandalous and that bank staff were suffering from uncertainty following previous cuts & closures. 'It is unbelievable' said Tony Beck, Finance Sector Union national secretary. 'They have just shed 500 jobs, all from the retail network. Now we get this punch with another 1000 jobs.'*

*The ACA was equally unimpressed. Its finance policy officer Catherine Wolthuizen asked when the losses would stop. 'How much profit is enough for greedy banks like the Commonwealth and how much further will it flout consumer and community demands before the Government acts?'*

*The ACA wants a social charter set up to delineate minimum standards around access to banking and affordability. It has been lobbying the Federal Government to act for consumers in the face of massive bank profits.*

*The Commonwealth Bank's annual profit leapt 11% to \$2.655 billion in the previous financial year, increasing income (over \$1.8 million) from fees, commissions and other charges contributing to the profit surge. The strong housing market contributed to an increase in lending fees income: \$618 million, up 3%. Commission and other fees raised a massive \$1.24 billion, up 6%.*

**Required:**

Explain whether you think the banks would or should respond to the concerns of ACA and/or the concerns of the Finance Sector Union. What theories did you rely on (if any) to arrive at your judgement?

**Q. 2**

If senior managers within a company were awarded by way of accounting– based bonus plans, then would they, the owners and debtholders prefer the use of conservative accounting methods? Explain the reasoning for your answer.

**Q. 3**

What is an externality, and why do financial accounting practices typically ignore externalities?

**Q. 4**

Critical theorists would challenge the work of authors whose work is grounded within Positive Accounting Theory. What is the basis of their opposition?